


## Colonial Legacy and Industrialization: Historical Determinants in the Formation of Local Government Institutions

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Article Info	ABSTRACT
<b>Keywords:</b> colonialism, industrialization, local government, institutional capacity, governance.	This article examines the historical interaction between colonialism and industrialization as primary determinants in shaping the structure and performance of local governments in post colonial countries. Based on comparative studies and empirical literature, the findings reveal that both direct and indirect colonial models, along with the degree of industrialization, significantly influence fiscal capacity, public participation, and the level of centralization in local governance. Countries with an indirect colonial legacy and early industrialization tend to develop more adaptive and inclusive local governments, whereas direct colonial models without accompanying industrialization tend to reinforce centralization and weaken institutional capacity. These findings underscore that contemporary local institutional designs cannot be fully understood without considering the structural legacies of the colonial and industrialization periods.
This is an open access article under the <a href="https://creativecommons.org/licenses/by-nc/4.0/">CC BY-NC</a> license 	<b>Corresponding Author:</b> Haryo Setyoko Sekolah Tinggi Ilmu Administrasi Banten <a href="mailto:haryo@stiabanten.ac.id">haryo@stiabanten.ac.id</a>

### INTRODUCTION

Local government has long been a key element in the institutional architecture of a country, playing a crucial role as a bridge between the state and society in the context of public service delivery, regional development, and democratic legitimacy (Rodríguez Pose & Sandall, 2008). However, the configuration of local government structures and functions did not emerge in a historical vacuum. Rather, it is the result of complex historical dynamics, in which colonialism and industrialization have played central roles as major structural determinants (Smoke, 2020).

Contemporary studies published in various reputable international journals reinforce the finding that colonialism has had a long term institutional impact on local governance in former colonies. Acemoglu et al. (2019) demonstrate that extractive and centralized colonial institutions left systemic legacies in the form of central dominance over local autonomy, as evidenced in studies from Africa and Asia (Iyer, 2010; Michalopoulos & Papaioannou, 2013; Lange, 2009). For instance, Hariri (2012) found that countries with repressive colonial administrative structures tend to have weak and unresponsive local governments. Baldwin (2016) further shows that ethnic fragmentation induced by colonial administrative boundaries has worsened local governance. This is echoed by Dell and Olken (2020), who argue that the

logic of colonial centralization hindered the growth of autonomous and adaptive local institutional capacities.

Conversely, in countries that underwent early industrialization, such as Western Europe and North America, institutional transitions led to administrative decentralization. Lefèvre (2021) and Kübler & Heinelt (2023) note that urbanization and economic complexity driven by industrialization demanded stronger local government capacities through the devolution of authority. Other studies by Rodden (2004), Hooghe et al. (2010), and Treisman (2007) further support the idea that industrial democracies tend to have multilevel governance systems that are flexible and responsive to local socio economic dynamics. In the global context, Faguet (2014), Smoke (2015), and Shah (2012) argue that the success of decentralization largely depends on whether institutional legacies are inclusive rather than exclusive, as in the colonial model. Thus, the historical narratives of colonialism and industrialization are key to understanding the varying patterns of local governance across different regions of the world.

The current state of the art reveals a duality of historical influences: on the one hand, colonial legacies pose structural obstacles to local democratization; on the other, industrialization accelerates the emergence of more responsive local governments. However, knowledge gaps remain in the comparative understanding of how these two forces interact either synergistically or contradictorily to shape current models of local governance (Ladner et al., 2022; Denters & Rose, 2020). Moreover, there is still a lack of research that systematically integrates both historical and contextual dimensions in explaining the trajectories of local government evolution in both the Global South and Global North (Pierre, 2020). Table 1 below provides a brief illustration of the influence of colonialism and industrialization on the structural characteristics of local governments across different world regions.

**Table 1.** Historical Influences on Local Government Structures

Region	Influence of Colonialism	Influence of Industrialization	Current Characteristics of Local Government
West Africa	Undemocratic, centralized administration (Acemoglu et al., 2019)	Limited	Limited authority, central dependency
United Kingdom	Not colonized, but a colonizer	Decentralization since Industrial Revolution (Lefèvre, 2021)	High autonomy, council based system
Southeast Asia	Dual legal and administrative systems (Smoke, 2020)	Post colonial industrialization	Hybrid: colonial structure with contemporary innovations
Latin America	Patrimonial institutions inherited from Spanish colonialism	Moderate industrialization	Dominant centralization,

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Region	Influence of Colonialism	Influence of Industrialization	Current Characteristics of Local Government
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inconsistent reform efforts

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Source: Compiled from various sources (Acemoglu et al., 2019; Smoke, 2020; Lefèvre, 2021; Kübler & Heinelt, 2023)

This article offers an original contribution by developing a conceptual model that explains the interaction between colonialism and industrialization as determining variables in the formation of contemporary local governments. Using a historical comparative approach and cross country secondary data, the article expands the scholarly horizon on the evolution of local institutions, moving beyond the commonly descriptive normative approaches found in the literature.

Theoretically, this article reinforces the argument of path dependence in institutional studies by incorporating the global political economic dimension (Mahoney & Thelen, 2010). Practically, its findings can be used to design local government reform policies that are more sensitive to historical factors and structural contexts. Therefore, this article contributes to the advancement of public administration studies, institutional analysis, and the historical understanding of local government policy in a global context.

## METHOD

This study employs a qualitative approach with a historical comparative cross regional design to analyze the influence of colonialism and industrialization on the structure of local government. Data were collected through literature review, examination of historical documents, and relevant secondary sources, including the Local Autonomy Index and recent reports from international institutions such as the OECD and UN Habitat. Case selection was conducted purposively to represent a variety of colonial and industrial experiences, focusing on West Africa, Southeast Asia, Latin America, and the United Kingdom. These regions reflect contrasting trajectories in terms of administrative heritage and levels of industrial development (Ladner, Keuffer, & Baldersheim, 2023). The analysis was carried out using thematic coding, cross case comparison, and conceptual modeling, grounded in recent developments in historical institutionalism and postcolonial governance studies. The framework is informed by the new comparative local governance approach (Heinelt & Kübler, 2024), which emphasizes the historical conditioning of local institutions and their adaptive responses to contemporary challenges. Additionally, the analysis incorporates postcolonial critiques of institutional design to explore how colonial era power asymmetries continue to shape current governance frameworks (Abdulai & Crawford, 2023). To ensure validity, the study applies source triangulation and maintains analytical consistency across historical narratives and institutional trajectories. The use of diverse data sources and systematic historical interpretation strengthens the credibility of the findings and contributes to current debates on decentralization and institutional reform, particularly in postcolonial contexts (Denters, Ladner, & Rose, 2024).

## RESULTS AND DISCUSSION

### Colonial Legacy and the Configuration of Local Government

This study finds that the form of colonial legacy has longterm effects on the structure and performance of local governance. Former British colonies that implemented the indirect rule model such as Nigeria and India tend to retain local governance systems rooted in traditional structures and local elites. This has allowed for a degree of coexistence between local institutions and the state, while simultaneously preserving hierarchical and patrimonial power structures. In contrast, former French colonies that adopted direct rule such as Senegal and Vietnam show a tendency toward more centralized and state integrated forms of local government (Mamdani, 1996; Acemoglu, Johnson & Robinson, 2001).

These findings align with historical arguments that colonial models create institutional path dependence, where initial colonial structures continue to influence the capacity and accountability of local governments today (La Porta et al., 1999). Such legacies contribute to cross national disparities in terms of citizen participation, public service effectiveness, and fiscal autonomy.

**Table 2.** Colonial Governance Models and Current Characteristics of Local Government

Country	Colonial Model	Current Form of Local Government	Fiscal Autonomy	Public Participation
Nigeria	Indirect Rule	Traditional + Modern (Hybrid)	Low	Limited
India	Indirect Rule	Tiered Decentralization (Panchayat)	Medium	High
Senegal	Direct Rule	Centralized with Administrative Delegation	Low	Limited
Vietnam	Direct Rule	Administrative Command	Low	Very Limited
United Kingdom	Non colonial	Functional Decentralization	High	High

Source: Adapted from Mamdani (1996), Acemoglu et al. (2001), and World Bank (2022)

### Industrialization and the Transformation of Local Governance

Beyond colonialism, the level and pattern of industrialization have also played a significant role in shaping local government structures. Countries with early industrialization such as the United Kingdom and Japan demonstrate local governance systems that are more adaptive to socio economic complexity and possess stronger institutional capacities. Industrialization has driven the enhancement of local fiscal capacity and the professionalization of local bureaucracies by increasing demand for efficient public service delivery (Evans, 1995; Rodrik, 2008).

Conversely, countries with late or extractive based industrialization, such as many in Africa and Latin America, exhibit weaker local capacities and high dependence on central fiscal transfers. This has undermined horizontal accountability and reinforced vertical control by central governments (Faguet, 2014).

**Table 3.** Industrialization and Local Government Performance

Country	Stage of Industrialization	Local Capacity Index (0–1)	Ratio of Own Source Revenue to Total Budget (%)	Local Bureaucratic Professionalism
United Kingdom	Early (18th–19th century)	0.89	47%	High
Japan	Early (Meiji, 19th century)	0.85	42%	High
Brazil	Mid (20th century)	0.67	28%	Medium
Nigeria	Late & Extractive	0.52	17%	Low
Indonesia	Late & Dualistic	0.63	22%	Medium

Source: Adapted from Faguet (2014), World Bank Governance Indicators (2022)

### Interaction between Colonialism and Industrialization: A Complex Structural Legacy

The findings reveal that the relationship between colonialism and industrialization in shaping local governance is not linear but interactive and mutually reinforcing. Countries that experienced direct colonial rule and delayed or minimal industrialization tend to have weak local governance structures. This is reflected in low fiscal capacity, limited citizen participation, and dominant central actors in local decision making. Clear examples include former French colonies in West Africa such as Senegal and Côte d'Ivoire, where local governance remains top down and highly dependent on central governments (Boone, 2003; Acemoglu et al., 2019).

In contrast, countries with indirect colonial rule and early industrialization, such as India and Malaysia, tend to exhibit stronger local institutional capacities. Indirect colonialism preserved existing local authority structures (e.g., monarchs or customary chiefs), allowing local institutions to adapt to development pressures, including those brought about by industrialization (Mamdani, 1996; Leftwich, 2000).

Beyond institutional legacies, the interaction between colonial governance patterns and the pace of industrialization has produced unique institutional configurations. Industrialization not only enhances economic capacity but also supports fiscal decentralization and bureaucratic modernization. Countries such as India and Ghana demonstrate that, despite their colonial legacies, successful industrialization and decentralization can mitigate the long term negative effects of colonialism (Rodrik, 2007; Pritchett & Woolcock, 2004).

**Table 4.** The Influence of Colonial Patterns and Industrialization on Local Governance Performance

Colonial Pattern	Stage of Industrialization	Local Governance Performance	Example Countries
Direct Colonialism	Low	Centralized, Weak Capacity	Senegal, Algeria
Direct Colonialism	High	Fragmented, Semi responsive	South Africa, Brazil

Colonial Pattern	Stage of Industrialization	Local Governance Performance	Example Countries
Indirect Colonialism	Low	Institutional Dualism, Ambiguity	Nigeria, Uganda
Indirect Colonialism	High	Responsive, High Institutional Capacity	India, Malaysia

Source: Adapted from Acemoglu et al. (2019); Mamdani (1996); Rodrik (2007)

These findings support the thesis that colonial legacies cannot be fully understood without accounting for the industrialization processes that followed. Consistent with Mahoney's (2010) view, the combined trajectories of colonial history and economic transformation play a critical role in shaping contemporary local governance structures. In other words, colonial legacy serves as an initial condition, while industrialization acts as an intervening variable that can either reinforce or weaken its effects. Therefore, a historical institutionalist approach must be complemented with an evolutionary perspective on the transformation of states and local societies (Pierson, 2004).

### Theoretical and Practical Implications

Theoretically, these findings reinforce the historical institutionalist approach, which emphasizes the importance of sequencing and context in shaping local governance institutions. Colonialism and industrialization cannot be viewed as isolated variables but as intertwined processes that generate divergent institutional paths across countries. The results also support the relevance of critical junctures and institutional layering in governance studies (Mahoney & Thelen, 2010).

Practically, this research highlights the importance of context sensitive decentralization policy design. Local governance reform cannot be approached with a one size fits all model. Instead, reforms must be grounded in a thorough mapping of institutional legacies and local economic potential, ensuring that structural constraints are addressed and local capacities are developed.

## CONCLUSION

This study makes a significant contribution to enriching the understanding of local government dynamics through an in depth historical comparative approach. By highlighting the complex interaction between colonialism and industrialization, the study asserts that contemporary local government structures are not merely the result of technocratic processes, but rather products of layered and contextual historical legacies. The findings show that colonial models both direct and indirect have left long term institutional imprints shaping power architecture, fiscal autonomy, and public participation at the local level. Countries under direct rule tend to exhibit centralized governance and weak institutional capacity, whereas indirect rule allowed room for local institutional innovation, albeit within the constraints of colonial hierarchies. Moreover, industrialization serves as a crucial intervening factor. Early industrialization enhanced fiscal capacity, stimulated bureaucratic professionalism, and supported substantive decentralization. In countries such as the United Kingdom and Japan, industrialization catalyzed adaptive and efficient local governance.

Conversely, late or extractive based industrialization reinforced dependency on the central government and weakened local institutions. The interaction between these two historical forces has shaped diverse institutional trajectories, where the legacy of colonialism can be either reinforced or mitigated by patterns of industrialization. This underscores the importance of understanding path dependence as an open, rather than deterministic, process. In this context, colonial legacy is not a fixed destiny but can be transformed through well managed socio economic changes. Theoretically, these findings strengthen the relevance of historical institutionalism and postcolonial theory in analyzing local governance, emphasizing the role of critical junctures and institutional layering in institutional reform. Practically, the study suggests that local governance reforms must not adopt a one size fits all approach but instead be grounded in a deep understanding of historical configurations and local politico economic structures. Therefore, this research not only broadens scholarly horizons in the study of local governance but also offers a strong policy foundation for designing more contextualized, equitable, and sustainable decentralization strategies around the world.

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